

To: Department Heads
From: Issues
Date: 15 January 1992
Re: Position Papers

Enclosed are a group of position papers on a wide variety of issues. We still lack papers on a number of hot issues of great importance to activists. We shall try to remedy this as soon as possible. In the meantime, this collection should help.

These papers are approved for duplication and circulation to both your staff members in the field, the press, and the general public. If anyone locates any typographical errors, please let us know.

Thanks.

Bill Clinton
FOR PRESIDENT COMMITTEE

Dear Fellow American,

Our country's health care system is in crisis. We spend too much and do too little.

Since 1977, as Attorney General and Governor of my state, I have worked on health issues, especially those affecting children and the elderly. Last year, I co-chaired the National Governors Association Health Care Reform Task Force.

I have talked with hundreds of health care consumers, providers, and experts, including ordinary citizens and small business people with heart-breaking stories to tell. I know we need a new approach to assure all Americans affordable, high-quality care.

I hope you will take the time to read this plan. These proposals represent the beginning of the discussion, not the end.

So I want you to do more than simply read the plan. I want your ideas for making it better and I want your help in making it a reality.

In the weeks and months to come, I'm going to ask people across the country -- doctors, nurses, hospital workers, business people, and consumers -- to comment on my plan and to help make it better. Together, in the first year of a Clinton Administration, we'll make sure every American has access to good, affordable health care.

Sincerely,



Bill Clinton

BILL CLINTON'S AMERICAN HEALTH CARE PLAN

National Health Insurance Reform to Cut Costs and Cover Everybody

THE HEALTH CARE SQUEEZE ON THE FORGOTTEN MIDDLE CLASS

We are the only advanced nation in the world that doesn't provide health care to all its citizens and doesn't effectively control costs. America spends 30% more of its GNP than our major competitors, puts more pressure on business, and relegates more people to the ranks of the uninsured, who get care that is too late, too expensive, and paid for by the rest of us. Every day America spends twice as much on health -- \$2 billion -- as we did for a day of Desert Storm. Also, by many measures from infant mortality to heart disease to life expectancy, we aren't the healthiest country in the world.

For a decade, the Reagan and Bush administrations have ignored the needs of middle-class families and let health care costs soar out of control. In 1980, when Reagan-Bush first took office, national health care expenditures totaled \$249 billion or 9.1 percent of our economy. In 1991, they totaled \$738 billion or about 13 percent of the economy.

In 1980, 12.5 percent of Americans under 65 were not covered by health insurance. Today, over 16 percent are not covered and many more are only partially covered.

In 1980, total spending by federal and state governments on health care totaled \$105 billion. Today it totals almost \$300 billion.

Today, health care costs are the number one cause of personal bankruptcies, the number one cause of business bankruptcies and the number one cause of labor disputes in the nation. Health insurance costs add more than \$700 to the cost of every car produced in the United States and corporate health insurance spending is equal to more than 100 percent of all company after-tax profits.

Despite a relentless focus on controlling costs over the past decade, American health care costs are much higher and rising much faster than in other nations. If present trends continue, we will be spending over 17% of GNP on health at the end of the decade, enough to consume the peace dividend and make it impossible to be fully competitive in the global economy.

Today, millions of people live with gnawing fears that their coverage will be canceled, their out-of-pocket costs will go through the roof, their employer will no longer be able to afford insurance, or they won't be able to change jobs without losing their health insurance because of a family member's illness.

Why, if we insure fewer people and provide less care, are we still spending more than any other nation in the world?

We have the world's most expensive and inefficient system of financing health care. We have a health care delivery system that has few incentives to keep costs in check and many to let them explode. The cost control system itself, with its regulatory requirements, has added tens of billions to the cost of health care. We have denied access to basic health care to millions, thus insuring that when they get care it is too late, too expensive, and the costs are passed on to the rest of us. We have higher rates of teen pregnancy, drug abuse, AIDS, and violence than other countries.

THE CLINTON HEALTH CARE PLAN: A NEW COVENANT FOR CHANGE

It doesn't have to be that way. We need a new approach that will control costs, improve quality, maintain choice, and cover everybody. We don't need to lead with a tax increase that asks hard-working people who already pay too much for health care to pay even more, until every effort has been made to squeeze excess cost out of the system.

Instead, we need a plan to reform the way government and business pay for health care in this country, a plan that provides real incentives to lower costs and improve quality, increases access, and emphasizes a more educated, responsible citizenry.

Under the Clinton plan for national health insurance reform, all Americans will have affordable health care. Employers and employees will either purchase private insurance or opt to buy into a public program. The poor and the unemployed will have access through the public program, and will be asked, to the extent possible, to share some of the costs.

All Americans will be covered with a core benefit package, and no person will be cut off, canceled, denied, or forced to accept low-quality care.

There should be a New Covenant for change in health care. Americans shouldn't have to live in fear of losing health insurance when changing jobs or not being able to get insurance because of "pre-existing" health conditions. We'll bring down costs for middle-class families, maintain a choice of providers, and assure comprehensive coverage. In return, Americans should assume the

responsibility to take advantage of preventive care, take better care of themselves, and use health care services appropriately.

OTHER ONE: CONTROLLING COSTS AND IMPROVING QUALITY

We can cover every American with the money we're now spending on health care by taking bold, specific steps to cut costs. We'll spend an estimated \$817 billion on health care in 1992. The only way to secure national health insurance for all our people is to spell out a specific plan to bring costs down.

In the first year of a Clinton Administration, we'll take the following specific steps to cut health care costs:

1. INSURANCE REFORM

Under the current system, over 1500 different companies compete in the insurance market with 1500 sets of payment rules and 1500 bureaucracies processing 1500 sets of forms, which leads to staggering administrative costs for both companies and health care providers. We need to streamline this needlessly complicated system.

Underwriting practices that balkanize Americans into smaller and smaller risk groups must be banned in favor of broad-based community rating. Access, continuity, and renewability of coverage under a community rating system will be guaranteed.

These changes will save billions of dollars and bring stability to the system.

2. GUARANTEED BENEFITS AND LIMITED COST INCREASES

The federal government will establish a board including health care consumers, providers, and payors, and define a core benefit package that all insurers will provide. The core benefit package will include ambulatory physician care, in-patient hospital care, prescription drugs, basic mental health, and important preventive care benefits, such as pre-natal care and annual mammograms. This will guarantee uniformity between the basic public and private programs which will further reduce administrative costs and inequality of care.

The board will also establish annual health budget targets nationally and state by state, to guide expenditures in the public and private sectors, to develop an all-payer reimbursement system, and develop incentives and guidelines for global budgetary and other quality-enhancing, cost-efficient reforms.

This approach will begin to involve all parties in working together to assure that the cost of health care can't go up any faster than the average American's income is going up.

3. REDUCE BUREAUCRACY AND CONTAIN THE PAPER EXPLOSION

When Ronald Reagan took office in 1980, he pledged to control health care costs. But rather than changing the system, he focused instead on intensely regulating and monitoring it, adding layers of bureaucracy onto an already overly complex system. These actions made the system even more costly.

In the '80s, the federal government multiplied documentation requirements, administrative procedures, prior authorization processes, billing rules, coding processes, requirements for funding eligibility and review organizations to guard against hospitals, nursing homes and other health care agencies providing unnecessary care, keeping patients hospitalized for too long, seeing patients too often, or charging too much.

Those requirements have led to the creation of whole staffs and departments in hospitals, doctors' offices and home health agencies dedicated to nothing but administrative form-filling. These functions are themselves creating huge costs which have overwhelmed any potential savings.

In addition to the health care workers hired only to meet paperwork requirements, bedside caregivers -- doctors, nurses, aides, therapists -- find that their time is increasingly split between hands-on care and filling out forms.

The American Medical Association estimates that the average doctor now spends 80 hours a month -- two full work weeks -- on paperwork. Nurses in hospitals often spend almost half their time processing information and filling out forms.

Two hospitals now exist within an institution's walls. There is the hospital we know, where nurses and doctors lower temperatures, fix bones, perform surgeries, and provide care. The second hospital creates paper which documents a patient's journey through the hospital. The "paper" hospital is growing much faster than the real hospital.

The billions fueling our health care bureaucracy would be better spent on providing better care for all Americans, implementing a long-overdue emphasis on women's health, and expanding medical research to prevent and cure Alzheimer's Disease, breast cancer, heart disease, AIDS, and other diseases.

The all-payer system will virtually eliminate unnecessary paperwork by eliminating 1500 separate sets of rules and forms.

Under the Clinton plan, the costly billing, coding, and utilization review functions that currently govern most provider payment systems would be replaced by a simplified, streamlined billing system. American hospitals currently devote far too much of their total budgets to billing and administration. A system which instead decentralizes decisions, encourages higher quality, and evaluates results based on modernized information management can save billions of dollars.

4. REDUCE DRUG PRICE INCREASES

Prescription drug costs rose at three times the general rate of inflation in the 1980s. American consumers pay more for their drugs than the citizens of Canada and Europe do for the same drugs. Some drugs manufactured by American pharmaceutical companies sell for three to six times as much in the U.S. as in other countries.

A Clinton Administration will support Senator David Pryor's proposal to eliminate special tax breaks now on the books for drug companies that raise their drug prices faster than Americans' incomes go up, saving the taxpayers up to \$2 billion a year, and saving consumers billions more.

We need a robust American pharmaceutical industry that will continue to lead the world in research and development. We should accelerate the FDA approval process which is adding to the cost of drugs and unnecessarily delaying their impact.

While maintaining the R&D tax credit, we should also limit the deductibility of marketing and lobbying costs for prescription drugs because the American drug industry spends more money pitching products than it spends on research and development. And we should work to ensure that American pharmaceutical companies don't charge buyers in their own country more than they charge those of other nations.

5. REDUCE BILLING FRAUD

Recent, very disturbing reports indicate that too many providers are gaming health reimbursement systems -- including Medicare and Medicaid -- to secure billions of dollars in unwarranted billing.

A Clinton Administration will reduce billing fraud by moving away from the complex billing systems that invite abuse, and by vigorously prosecuting offenders.

6. CONTROL THE UNNECESSARY SPREAD OF TECHNOLOGY

Too many hospitals in the U.S. have an incentive to purchase and utilize the latest high-tech machinery, even if it duplicates neighboring institutions. To make up these costs, hospitals often use these diagnostic machines and high-tech surgical procedures unnecessarily -- thereby adding costs without improving health. At the other extreme, the Canadian system severely limits the distribution of high-tech equipment, resulting in unacceptable delays and standing in line for treatment.

Under the Clinton health care plan, the cost review board mentioned above will develop recommendations and incentives for more sensible capital budgets, including the shared use of technology where appropriate. We can save billions of dollars that now go to unnecessary tests and procedures.

7. DEVELOP A RATIONAL MEDICAL LIABILITY SYSTEM

Consumers and health care providers spend hundreds of millions of dollars paying higher insurance premiums to underwrite medical malpractice litigation. Even more troubling is how our current system has resulted in physicians and other health care personnel practicing "defensive medicine." This practice results in tests that are frequently unnecessary, but that are ordered to insure the provider against a malpractice suit.

Alternative dispute resolution mechanisms should be made available in every state, which can effectively and humanely address and resolve these legal challenges.

8. DISSEMINATE UPDATED MEDICAL PRACTICE GUIDELINES

Tens of millions of dollars are spent on inappropriate and/or unnecessary care. Providing updated medical practice guidelines to health care personnel to help them make the right decisions about treatment will save money and lives, and help eliminate improper care.

With practice guidelines, the quality of health care will improve, costs will decline, and better guidelines on what constitutes medical malpractice can be developed.

9. REORGANIZE THE HEALTH CARE WORKPLACE

Freed from burdensome administrative requirements and punitive quality control systems, the health care workplace will be ripe for more modern and efficient work organization.

Health care institutions will become much more efficient, because work will be reorganized around results, not reporting requirements. All parties will conform to a single, uniform information system, and tie in to a single computerized database, for the swift, efficient, and confidential exchange of patient information. Eventually, everyone will carry "smart cards" -- small microchips or magnetic strips coded with their personal medical information. Information accessed through the cards will generate huge savings through the elimination of multiple, paper-based record-keeping systems, the reduction of unnecessary tests generated by lack of information, and quicker, more efficient transfer of patients and their records between different institutions and providers.

10. REINVENTING CARE DELIVERY: GROUP CARE HEALTH NETWORKS

In order for quality to improve and cost controls to take hold, we need to reorganize the way we provide health care in this country. Insurers, health care institutions, and individual health care providers currently operating in the system should be given strong incentives to collaborate to develop local group care models called Health Networks. These networks would not only be an important element of the private health care system, but would be able to serve those in the public program.

Each Health Network would operate under a global budget based on the population they insure and/or provide care for. Networks would negotiate fees with participating providers and institutions, and the providers and institutions that affiliate with a given network would collectively manage care delivery within the global budget.

Many private health insurance firms are already moving toward the group care concept with comprehensive health services provided under global, not fee-for-service, budgets. This kind of care is the guiding principle behind RMOs. The Health Network concept would encourage insurers and providers to develop different approaches to managing care within global budgets, emphasize the importance of primary and preventive care, and remove financial incentives for unnecessary tests and procedures. All health care consumers could choose the type of network that best suits them, and gain access to the most cost-effective providers in the most appropriate settings.

STEP TWO: GUARANTEE UNIVERSAL COVERAGE

A Clinton Administration will treat affordable, quality health care as a right, not a privilege. Universal access and cost control go hand in hand. Employers and employees will either purchase private insurance or opt to buy into a high-quality public

long-term care from Medicare, including inexpensive in-home services designed to foster independence. Finally, the poor and unemployed will have access to the public program. All will be asked to share some of the costs, except for preventive and some basic primary services and with protections for those who cannot afford it. Co-payments must not be burdensome but should be sufficient to discourage overutilization and to encourage shared responsibility.

No person will be cut off, canceled, denied, or forced to accept low quality care.

1. WORKPLACE COVERAGE

Coverage through the workplace will build on the public/private partnership that is uniquely American. Government will make health care more affordable, and business will then be able to make health care available to more workers.

The average cost to business of health coverage jumped from \$2,500 per employee to over \$3,100 in 1990 alone. Under the existing system, the average annual premium will continue to rise, and the percentage of our workforce without any coverage will continue to increase. The measures outlined in this proposal will enable employers to have healthier, more productive workers at lower cost.

Universal coverage will end the practice of cost shifting from those who don't pay, which adds an estimated 10% to the bills of those who do, and will lead to more preventive and primary care instead of delayed emergency care, thus increasing the health of America and lowering the costs.

2. PROTECTION FOR SMALL BUSINESS

A Clinton Administration will take steps to protect small businesses from rising health care costs in a number of ways. First, the insurance premiums paid by all employers will be based on a community-based rating system rather than an experience-based rating system, and small employers will be able to buy into Health Networks that serve large numbers of people. Small businesses will not be penalized because their employee base is smaller. Just as our economic well-being counts on both small businesses and large firms to flourish in the community, insurance premiums will be based on the health needs of the community, not on the health of particular employees at one firm or another.

Other assistance to small business will include: 1) the opportunity to buy into the public program if it is less expensive;

2) eliminating barriers to small businesses that want to band together to form larger groups to purchase health insurance for more moderate prices; and 3) phasing in small employers' and new businesses' responsibility as costs can be reduced, during which time their employees will be covered by the public program with the co-pay requirements mentioned above.

STEP THREE: IMPROVE PREVENTIVE AND PRIMARY CARE

We need to expand access to the primary and preventive care that helps people stay healthy and keeps costs down. We waste money and weaken health when insurance doesn't cover regular check-ups, screenings, mammograms, immunizations, and pre-natal care.

We should provide an adequate number of primary and preventive care clinics in inner city and rural areas where health care is not readily available today. We should also increase access for children to primary health care by providing school-based clinics where needed, as a supplement to universal coverage.

The medical education system needs to do more to prepare providers to practice preventive and primary care. We need to carry out the recommendations of the National Governors Association to provide incentives for students and mid-career health professionals to serve in primary care professions in rural and underserved areas; expand the National Health Service Corps; and increase support for graduate training for mid-level health professionals, such as certified nurse-midwives and nurse practitioners.

Arkansas has been a leader in preventive care. The state's Health Director, Dr. Joycelyn Elders, is nationally renowned. The state has established school clinics that emphasize preventive and primary care, attack teen pregnancy, and provide more and better pre-natal and early childhood care.

STEP FOUR: EXPAND LONG-TERM CARE

We should provide long-term care to Americans of all ages when they need it. No American should have to become impoverished to qualify for long-term health care. And no family should ever have to choose between long-term care for the grandparents and education for the kids.

We can provide more services to the elderly and the disabled by expanding Medicare to include a wide range of services to be paid for through affordable and equitable cost-sharing mechanisms and to be delivered by contracting out with case managers responsible for allocating needed services in appropriate settings.

The long-term care benefits would be phased in, starting with the area most neglected -- care in the home and community. These protections for families will be increased as we generate greater and greater savings.

The primary long-term caregivers in the United States are family members -- and predominantly women. These people don't want a replacement for their care, but they need a helping hand. In a Clinton Administration, we'll provide adequate respite care services to give short-term relief for those family members who carry this extraordinary burden.

The current system of public financing for long-term care is heavily biased in favor of institutional care, even though nursing home care is often the last resort for grandparents and their families, and targeted home care can be cheaper and more comfortable. This is especially important given the fact that the elderly are the fastest-growing group in our population, and that more and more disabled Americans are able to live in less restrictive settings and make full contributions to society.

We need to end the current disincentives to community-based care. In a Clinton Administration, senior citizens will get to choose the kind of care that works best for them. In Arkansas, we've launched a popular pilot program called ElderChoices, which gives the elderly the right to take money previously available only for nursing home care, and spend it instead on home health care, personal care, transportation to senior centers, hiring a nurse, or attending an adult day care center.

A Clinton Administration will create a voluntary National Service Corps of young Americans who can borrow money for college and pay it back by serving their communities in any number of ways, among the most important of which will be filling the need for workers to provide long-term care.

STEP FIVE: INTENSIFY HEALTH EDUCATION

Many billions of health care dollars could be saved if the American people would change their behavior -- and without changes in behavior, even the ability of the health care system proposed here to make us healthier will not bring our health costs down to the level of our competitors.

We have unacceptably high rates of infant mortality, teen pregnancy and low-birthweight babies, drug and alcohol abuse, AIDS, and violence. Too many of us still exercise too little, and too many still smoke. We continue to damage ourselves without thought to the personal consequences and the costs to our nation in paying for problems that other nations avoid altogether through different

personal behavior and use of preventive and primary care options now available.

Therefore it is essential that we strengthen our health education efforts in homes, schools, workplaces, and senior centers. The national government should support these efforts with incentives either in funds, or in manpower through the National Service Corps.

* * *

Clearly, this program fully implemented will save far more than it costs to extend comprehensive coverage to all Americans, provide for long-term care, fund more inner-city, rural, and school-based clinics, and intensify our educational efforts.

Still, there will be new costs to those businesses which have not provided coverage in the past, and government costs may exceed government savings in the first two to three years. But if the cost control and restructuring recommendations are vigorously pursued, net new spending requirements, if any, should be modest.

By containing costs and eliminating waste, and by providing a vision of change and a commitment to leadership, we can protect our families' pocketbooks while guaranteeing affordable, comprehensive, high-quality health and long-term care for all. This guarantee will be a hallmark of the Clinton Administration.

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Education: Empowering Our People

Excerpts from speeches by Governor Bill Clinton

Let me make this clear: Education is economic development. We can only be a high-wage, high-growth country if we are a high-skills country. In a world in which money and production are mobile, the only way middle-class people can keep good jobs with growing incomes is to be lifetime learners and innovators. Without world-class skills, the middle class will surely continue to decline. With them, middle-class workers will generate more high-wage jobs in America in the '90s.

Empowering everybody begins with preschool for every child who needs it, and fully funding Head Start. It includes a national examination system to push our students to meet world-class standards in core subjects like math and science, and an annual report card for every state, every school district, and every school to measure our progress in meeting those standards.

Empowerment means training young people for high-wage jobs, not dead-end ones. Young Americans with only a high school education make 25 percent less today than they would have 15 years ago. In a Clinton Administration we'll have a national apprenticeship program that will enable high school students who aren't bound for college to enter a course of study, designed by schools and local businesses, to teach them valuable skills, with a promise of a real job with growing incomes when they graduate.

Empowerment means challenging our students and every American with a system of voluntary national service. In a Clinton Administration we will offer a domestic GI Bill that will say to middle class as well as low income people: We want you to go to college and we're glad to pay for it, but you've got to give something back to your country in return. As President, I'll ask Congress to establish a trust fund out of which any American can borrow money for a college education, so long as they pay it back either as a small percentage of their income over time or with a couple of years of national service as teachers, police officers, child care workers -- doing work our country urgently needs. The fund would be financed with a portion of the peace dividend and by redirecting the present student loan program, which is nowhere near as cost-effective as it should be. This program will pay for itself many times over.

But in an era when what you can earn depends largely on what you can learn, education can't stop at the schoolhouse door. From now on, anyone who's willing to work will have a chance to learn. In a Clinton Administration, we'll make adult literacy programs available to all who need it, by working with states to make sure every state has a clear, achievable plan to teach everyone with a job to read, to give them a chance to earn a GED, and wherever possible,

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to do it where they work. In Arkansas we had 14,000 people in adult education programs in 1983. Today we have over 50,000. By 1993, we'll have over 70,000. Every state can do the same for a modest cost with a disciplined plan and a flexible delivery system.

And we will ensure that every working American has the opportunity to learn new skills every year. Today, American business spends billions of dollars on training -- the equivalent of 1.5 percent of the costs of their payrolls -- but 70 percent of it goes to the 10 percent at the top of the ladder. In a Clinton Administration, we'll require employers to offer every worker his or her share of those training dollars, or contribute the equivalent to a national training fund. Workers will get the training they need, and companies will learn that the more you train workers, the more your profits will increase.

I know Americans worry about the quality of education in this country and want the best for their children. The Clinton Administration will set high national standards based on international competition for what everybody ought to know, and a national examination system to measure whether they're learning it. It's not enough to put money into schools. We need to challenge the schools to produce and we've got to insist on results.

The New Covenant will challenge the students of America to stay in school. Students who drop out of school or fail to learn as much as they can are not just letting down themselves and their families. They're failing their communities, because from that point on, chances are they're subtracting from society, not adding to it. In Arkansas, we've tried to enhance responsibility for students by saying that if they drop out for no good reason, they lose the privilege of a driver's license.



Fighting for the Forgotten Middle Class

Excerpts from recent speeches by Governor Bill Clinton

After 12 years of Reagan-Bush, the forgotten middle class is discovering that the reward for 12 years of sacrifice and hard work is more sacrifice and more hard times: They've paid higher taxes on lower incomes for service cuts, while the rich got tax cuts, while poverty increased, and the President and Congress got pay raises and health insurance.

These people are the backbone of the country, the ones who do the work and pay the taxes and send their children off to war. They are the real victims of the Reagan Revolution, the Bush Succession, and this awful national recession.

During this administration, the economy has grown more slowly and fewer jobs have been created than in any administration since World War II. People who have jobs are working longer hours for less money; people who don't are looking harder to find less. Middle class people are paying more for health care, housing, education, and taxes, when government services have been cut.

For 12 years, the forgotten middle class watched their economic interests ignored and their values run into the ground. Nothing illustrates this more clearly, in the 1980s, than the fact that charitable giving by middle-class families went up as their incomes went down, while charitable giving by the wealthiest Americans went down as their incomes went up. Responsibility went unrewarded and so did hard work. It's no wonder so many kids growing up on the street think it makes more sense to join a gang and deal drugs than to stay in school and go to work. The fast buck was glorified from Wall Street to Main Street to Mean Street.

This is not just a campaign. This is a crusade to restore the forgotten middle class, give the power back to ordinary people, and recapture the American Dream. It is a crusade not just for economic renewal, but for social and spiritual renewal as well. It is a crusade to build a new economic order of empowerment and opportunity that will preserve our social order and make it possible for our country once again to make the American Dream live at home and to be strong enough to triumph abroad.

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Individual Responsibility

Excerpts from recent speeches by Governor Bill Clinton

I can tell you, based on my long experience in public life, there will never be a government program for every problem. Much of what holds us together and moves us ahead is the daily assumption of personal responsibility by millions of Americans from all walks of life. I can promise to do a hundred different things for you as President. But none of them will make any difference unless we all do more as citizens. And, today, I want to talk about the responsibilities we owe to ourselves, to one another, and to our nation.

We need a New Covenant that will challenge all our citizens to be responsible. The New Covenant will say to our corporate leaders at the top of the ladder: We'll promote economic growth and the free market, but we're not going to help you diminish the middle class and weaken the economy. We'll support your efforts to increase profits and jobs through quality products and services, but we're going to hold you responsible to be good corporate citizens, too.

The New Covenant will say to people on welfare: We're going to provide the training and education and health care you need, but if you can work, you've got to go to work, because you can no longer stay on welfare forever.

The New Covenant will say to the hard-working middle class and those who aspire to it: We're going to guarantee you access to a college education, but if you get that help, you've got to give something back to your country.

And the New Covenant will challenge all of us in public service: We have a solemn responsibility to honor the values and promote the interests of the people who elected us, and if we don't, we don't belong in government anymore.

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Democracy and Human Rights

Excerpts from recent speeches by Governor Bill Clinton

U.S. foreign policy cannot be divorced from the moral principles most Americans share. We cannot disregard how other governments treat their own people, whether their domestic institutions are democratic or repressive, whether they help encourage or check illegal conduct beyond their borders.

It should matter to us how others govern themselves. Democracies don't go to war with each other. The French and British have nuclear weapons, but we don't fear annihilation at their hands. Democracies don't sponsor terrorist acts against each other. They are more likely to be reliable trading partners, protect the global environment, and abide by international law.

Over time, democracy is a stabilizing force. It provides non-violent means for resolving disputes. Democracies do a better job of protecting ethnic, religious and other minorities. And elections can help resolve fratricidal civil wars.

Yet President Bush too often has hesitated when democratic forces needed our support in challenging the status quo. The administration continues to coddle China, despite its continuing crackdown on democratic reforms, its brutal subjugation of Tibet, its irresponsible exports of nuclear and missile technology, its support for the homicidal Khmer Rouge in Cambodia, and its abusive trade practices. I believe the President erred when he secretly rushed envoys to resume cordial relations with China barely a month after the massacre in Tiananmen Square; when he spurned Yeltsin before the Moscow coup; when he poured cold water on Baltic and Ukrainian aspirations for self-determination and independence; and when he initially refused to help the Kurds.

We should regard increased funding for democratic assistance as a legitimate part of our national security budget. We should support groups like the National Endowment for Democracy, which work openly rather than covertly to promote democratic pluralism and free markets abroad. I would encourage both the Agency for International Development and the U.S. Information Agency to channel more of their resources to promoting democracy. And just as

Radio Free Europe and the Voice of America helped bring the truth to the people of those societies, we should create a Radio Free Asia to carry news and hope to China and elsewhere.

Finally, just as President Kennedy launched the Peace Corps 30 years ago, we should create a Democracy Corps today that will send thousands of talented American volunteers to countries that need their legal, financial, political expertise.



National Energy Policy

Excerpts from recent speeches by Governor Bill Clinton

I support an increase in corporate average fuel economy standards from the current 27.5 mpg. No single energy measure appears to present such a significant opportunity for savings, national security, balance of trade, and environment. The 45 mpg standard should be a goal of automakers and incorporated into national legislation.

But mandating higher efficiency standards is not enough. We need a national energy conservation strategy that will make use of revenue-neutral market incentives to reward consumers who conserve and make polluters and energy-wasters pay.

I support federal tax incentives for renewable resources. Tax incentives would merely level the playing field. Traditional energy sources reap many benefits from a tax structure slanted in their favor. Tax incentives would allow renewable energy to compete fairly.

We also need a new energy policy to lower the trade deficit, increase productivity, and improve the environment. We must rely less on imported oil, and more on cheap and abundant natural gas, and on research and development into renewable energy resources. We must achieve European standards of energy efficiency in factories and office buildings. That will free up billions of dollars to invest in the American economy.

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A New Covenant for America

Excerpts from speeches by Bill Clinton

To turn America around, we need a new approach founded on our most sacred principles as a nation, with a vision for the future. We need a New Covenant, a solemn agreement between the people and their government, to provide opportunity for everybody, inspire responsibility throughout our society, and restore a sense of community to this great nation. A New Covenant to take government back from the powerful interests and the bureaucracy, and give this country back to ordinary people.

More than two hundred years ago, the founders outlined our first social compact between government and the people, not just between lords and kings. More than a century ago, Abraham Lincoln gave his life to maintain the Union the compact created. Sixty years ago, Franklin Roosevelt renewed that promise with a New Deal that offered opportunity in return for hard work.

Today we need to forge a New Covenant that will repair the damaged bond between the people and their government and restore our basic values -- the notion that our country has a responsibility to help people get ahead, that citizens have not only the right but a responsibility to rise as far and as high as their talents and determination can take them, and that we're all in this together. We must make good on the words of Thomas Jefferson, who said, "A debt of service is due from every man to his country proportional to the bounties which nature and fortune have measured to him."

Make no mistake -- this New Covenant means change -- change in our party, change in our national leadership, and change in our country. Far away from Washington, in your hometowns and mine, people have lost faith in the ability of government to change their lives for the better. Out there, you can hear the quiet, troubled voice of the forgotten middle class, lamenting that government no longer looks out for their interests or honors their values -- like individual responsibility, hard work, family, community. They think their government takes more from them than it gives back, and looks the other way when special interests only take from this country and give nothing back. And they're right.

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This New Covenant can't be between the politicians and the established interests. It can't be another backroom deal between the people in power and the people who keep them there. This New Covenant can only be ratified by the people in the 1992 election. And that's why I'm running for President.

That's what our hope is today: A New Covenant to shoulder our common load. When people assume responsibility and shoulder that common load, they acquire a dignity they never knew before. When people go to work, they rediscover a pride that was lost. When fathers pay their child support, they restore a connection they and their children need. When students work harder, they find out they all can learn and do as well as anyone else on Earth. When corporate managers put their workers and their long-term profits ahead of their own paychecks, their companies do well, and so do they. When the privilege of serving is enough of a perk for people in Congress, and the President finally assumes responsibility for America's problems, we'll not only stop doing wrong, we'll begin to do what is right to move America forward.



A New Covenant for Economic Change

Excerpts from recent speeches by Governor Bill Clinton

For 12 years, we've had no economic vision, no economic leadership, no national economic strategy. What America needs is a President with a radical new approach to our economic problems that will give new life to the American Dream.

We've got to move in a radically different direction. The Republicans' failed experiment in supply-side economics didn't produce growth. It didn't create upward mobility. And most important, it didn't prepare millions and millions of Americans to compete and win in the new world economy.

And we've got move away from the old Democratic theory that says we can just tax and spend our way out of any problem we face. Expanding government doesn't expand opportunity. And big deficits don't produce sustained economic growth, especially when the borrowed money is spent on yesterday's mistakes, not tomorrow's investments.

Stale theories produce nothing but stalemate. The old economic answers are obsolete. We've seen the limits of Keynesian economics. We've seen the worst of supply-side economics. We need a new approach.

We need a New Covenant for economic change, a new economics that empowers people, rewards work, and organizes America to compete and win again. A national economic strategy to liberate and energize the abilities of millions of Americans who are paying more taxes when the government is doing less for them, who are working harder while their wages go down.

This New Covenant isn't liberal or conservative. It's both and it's different. The American people don't care about the idle rhetoric of left and right. They're real people, with real problems, and they think no one in Washington wants to solve their problems or stand up for them.

The goals of our New Covenant for economic change are straightforward:

- We need a President who will put economic opportunity in the hands of ordinary people, not rich and powerful special interests;
- A President who will revolutionize government to invest more in the future;

- A President who will encourage the private sector to organize in new ways and cooperate to produce economic growth;
- A President who will challenge and lead America to compete and win in the global economy, not retreat from the world;

That's how we'll turn this country's economy around, recapture America's leadership in the world, and build a better future for our children. That's how we'll show the forgotten middle class we really understand their struggle. That's how we'll reduce poverty and rebuild the ladder from poverty to the middle class. And that, my friends, is why I'm running for President of the United States.

Our first responsibility under this New Covenant is to move quickly to put this recession behind us. I have released a plan for what I would do right away to help working people and get the economy moving again. I'd not only extend unemployment benefits, as Congress and the President have finally done, but I'd push through a middle-class tax cut, an accelerated highway bill to create 40-45,000 new construction jobs over the next six months, and an increase in the ceiling on FHA mortgage guarantees so half a million families could pump up the economy by buying their first home. I think good credit card customers should receive a break from the 18 and 19 percent rates of banks, which have cut the rates the customers get paid on their deposit accounts. And I'm proud to say that four of the ten banks charging the lowest credit card rates nationwide are in my state.

I would also make sure federal regulators send a clear signal to the financial community not to call in loans that are performing, and not to fear making good loans to local businesses.

But even if we did all those things tomorrow, it wouldn't change the fundamental challenge of the 1990s. We need to get out of this recession, and soon. But we also need a long-term national strategy to create a high-wage, high-growth, high-opportunity economy, not a hard-work, low-wage economy that's sinking when it ought to be rising.

It doesn't have to be that way. I believe we can win again. In the global economy of the 1990s, economic growth won't come from government spending. It will come instead from individuals working smarter and learning more, from entrepreneurs taking more risks and going after new markets, and from corporations designing better products and taking a longer view. We're going to reward work, expand opportunity, empower people, and we are going to win again.



Bill Clinton on AIDS

Bill Clinton believes it's time to take real action to end the national tragedy of the AIDS epidemic. Governor Clinton feels that the current administration has failed to meet the challenge of the AIDS crisis, and that further delays are unacceptable. With the death toll already at 130,000, Bill Clinton thinks it's time to make AIDS research and medical care a national health priority. Through a program of education and prevention, research, testing, and treatment, a Clinton Administration will move the fight forward against AIDS.

Bill Clinton's Record on AIDS

Bill Clinton has a long record of efforts to deal with the AIDS crisis. As chairman of the National Governor's Association, he formed the first working group of governors to develop a policy on AIDS. Clinton was a moving force in the creation of an AIDS action plan adopted by the Governor's Association, which called for education and prevention efforts at the local, state, and federal levels.

In 1986, under Governor Clinton's leadership, the Arkansas State Board of Education adopted a resolution calling for the "development of AIDS education skills... to be integrated into the Health Education Course Content Guide." In 1989 and 1990, Governor Clinton supported teacher training for AIDS education and a detailed study of the availability of HIV education at the local level. Since 1990, AIDS education has been required in all Arkansas schools, and there has been a 40% increase in HIV counseling and testing in Governor Clinton's state.

A National AIDS Strategy

Research: The first priority in the Clinton Administration's fight against AIDS will be finding a cure. This will require the commitment of increased government resources to the research, development, and testing of an AIDS vaccine. Studies in treatment as well as behavior must be expanded in the search for a cure. Governor Clinton also believes we need to expand our international cooperation to end the enormous suffering arising from the global AIDS epidemic.

Testing: Bill Clinton believes that testing is a vital component in the fight against AIDS. But while testing and early detection are important weapons in the struggle, Bill Clinton feels we must act vigilantly to protect the individual's right to privacy. A Clinton Administration would support the efforts of the Center for Disease Control to develop a voluntary system of AIDS testing for health care workers.

Treatment: AIDS treatment in this country is in dire need of reform. As part of a broader national health care plan, Bill Clinton believes that we need to control the rising cost of AIDS treatment; provide insurance for those who have the disease and are not covered; control the cost of drugs that have been proven useful in treatment; improve preventative and long-term care; and provide drug abuse treatment for all who need help.

Education: Bill Clinton believes the most important mechanism for prevention is education. A Clinton Administration will support a national AIDS education initiative in which resources are devoted at the federal, state, and local levels to the education of our children, so that our children will learn to take personal responsibility for their own health.

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South Africa

Excerpts from recent speeches by Governor Bill Clinton

And in Africa as well, we must align America with the rising tide of democracy. The administration has claimed credit for the historic opening to democracy now being negotiated in South Africa, when in fact it resisted the sanctions policy that helped make this hopeful moment possible.

Today, we should concentrate our attention on doing what we can to help end the violence that has ravaged the South African townships, by supporting with our aid the local structures that seek to mediate these disputes and by insisting that the South African government show the same zeal in prosecuting the perpetrators of the violence as it did in the past when pursuing the leaders of the anti-apartheid movement. The administration and our states and cities should only relax our remaining sanctions as it becomes clearer that the day of democracy and guaranteed individual rights is at hand. And when that day does dawn, we must be prepared to extend our assistance to make sure that democracy, once gained, is not lost there.

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Russia and the Commonwealth of Independent States

Excerpts from recent speeches by Governor Bill Clinton

I believe we need to respond more forcefully to one of the greatest security challenges of our time, to help the people of the former Soviet empire demilitarize their societies and build free political and economic institutions. Congress has passed \$500 million to help the Soviets destroy nuclear weapons, and for humanitarian aid. We can do better. As Sen. Sam Nunn and Rep. Les Aspin have argued, we should shift money from marginal military programs to this key investment in our future security. We can radically reduce the threat of nuclear destruction that has dogged us for decades by investing a fraction what would otherwise have to be spent to counter that threat. And, together with our G-7 partners, we can supply the Soviet republics with the food and medical aid they need to survive their first winter of freedom in 74 years. We should do all that we can to coordinate aid efforts with our allies, and to provide the best technical assistance we can to distribute that food and aid.

I know it may be bad politics to be for any aid program. But we owe it to the people who defeated communism, the people who defeated the coup. And we owe it to ourselves. A small amount spent stabilizing the emerging democracies in the former Soviet empire today will reduce by much more the money we may have to commit to our defense in the future. And it will lead to the creation of lucrative new markets which mean new American jobs. Having won the Cold War, we must not now lose the peace.

We should recognize Ukraine's independence, as well as that of other republics who make that decision democratically. But we should link U.S. and western non-humanitarian aid to agreements by the republics to abide by all arms agreements negotiated by Soviet authorities, demonstrate responsibility with regard to nuclear weapons, demilitarize their economies, respect minority rights, and proceed with market and political reforms.

We should encourage private American investment in the former Soviet empire. The Soviet republics, after all, are rich in human and natural resources. One day, they and Eastern Europe could be lucrative markets for us.

Finally, no national security issue is more urgent than the question of who will control the nuclear weapons and technology of the former Soviet empire. Those weapons pose a threat to the security of every American, to our allies, and to the republics themselves.

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Protecting our Ancient Forests

Excerpts from recent speeches by Governor Bill Clinton

I believe the Ancient Forests of the Pacific North West are one of our most precious natural resources and must be protected. I support the basic outlines of the Adams proposal to protect both ancient forests and lumber industry jobs. The recent controversy over destruction of the Pacific Yew, the source of the anti-cancer drug Taxol, reminded us that human life depends upon the biological diversity in intact ecosystems like old growth forests. Their protection must be one of the nation's top conservation priorities. The loss of old growth forests would mean the disappearance of irreplaceable knowledge.

We need to protect both ancient forests and families in logging communities. The Adams proposals to assist families and communities that have been adversely affected by timber shortages caused by federal actions and by exports of raw logs overseas are a good start, although the job protection provisions need more work. I would support federal efforts to expand processing and value-added manufacturing of wood products and to diversify the economies of Pacific Northwest communities dependent primarily on lumber resources.

Additionally, I think we should consider developing a new system of user fees in the national forests and earmark the revenue raised to support ecological management and economic development in the lumber communities. The destruction of these forest resources must be stopped before they lose either their wilderness or recreational value.

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Demanding Corporate Responsibility

Excerpts from recent speeches by Governor Bill Clinton

The most irresponsible people in the 1980s were those in business who abused their position at the top of the totem pole. This is my message to the business community: As President, I'm going to do everything I can to make it easier for your company to compete in the world, with a better trained workforce, cooperation between labor and management, fair and strong trade policies, and incentives to invest in America's economic growth. But I want the jetsetters and the feather bedders of corporate America to know that if you sell your companies and your workers and your country down the river, you'll get called on the carpet. That's what the President's bully pulpit is for.

Business is a noble endeavor. It is the thing that makes this country run. The private sector creates jobs, not the public sector. But the people with the responsibility in the private sector should think it's simply not enough to obey the letter of the law and make as much money as you can. It's wrong for executives to do what so many did in the '80s. The biggest companies raised their pay by four times the percentage their workers' pay went up and three times the percentage their profits went up. It's wrong to drive a company into the ground and have the chief executive bail out with a golden parachute to a cushy life.

The average CEO at a major American corporation is paid about 100 times as much as the average worker -- compare that to two countries doing much better than we are in the world economy. In Germany it's 23 to 1, and in Japan, which just completed 58 months of untrammelled economic growth, it's 17 to 1. And our government today rewards that excess with a tax break for executive pay, no matter how high it is. That's wrong. If a company wants to overpay its executives and under invest in the future, it shouldn't get any special treatment from Uncle Sam. If a company wants to transfer jobs abroad and cut the security of working people, it shouldn't get special treatment from the Treasury. In the 1980s, we didn't do enough to help our companies to compete and win in a global economy. We did too much to transfer wealth away from hard-working middle-class people to the rich without good reason. That's got to stop. There should be no more deductibility for irresponsibility.

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A Revolution in the Workplace

Excerpts from recent speeches by Governor Bill Clinton

It's time for a revolution in the American workplace that will radically raise the status of the American worker and tear down the Berlin Wall between labor and management.

It's been years since the U.S. could outproduce the rest of the world by treating workers like so many cogs in a machine. We need a whole new organization of work, where workers at the front lines make decisions, not just follow orders, and entire levels of bureaucratic middle management become obsolete. And we need a new style of management, where front-line workers and managers have more responsibility to make decisions that improve quality and increase productivity.

Dynamic, flexible, well-trained workers who cooperate with savvy, sensitive managers to make changes every day are the keys to high growth in manufacturing and in the service sector including government, education, and health care, areas where productivity growth was very weak in the 1980s.

Everyone will have to change, but everyone will get something in return. Workers will gain new prosperity and independence, but they'll have to give up non-productive work rules and rigid job classifications and be more open to change. Managers will reap more profits but will have to manage for the long-run, train all workers, and not treat themselves better than their workers are treated. Corporations will reach new heights in productivity, growth and profitability, but CEOs will have to put the long-term interests of their workers, their customers, and their companies first.

We should restore the link between pay and performance by encouraging companies to provide for employee ownership, profit-sharing for all employees, not just executives. And executives should profit when their companies do. We should all go up or down together. We'll say to America's corporate leaders: No more taking bonuses for yourselves if you don't give bonuses to everybody. And no more golden parachutes if you don't make good severance packages available for your workers.

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Controlling Government Spending

Excerpts from recent speeches by Governor Bill Clinton

If we're going to get more for our money, we ought to have a federal budget which invests more in the future and spends less on the present and the past. As President, I'll throw out last year's budget deal, which brought us the biggest deficits in American history and the fastest-growing spending since World War II. In its place, I'll establish a new three-part federal budget: a past budget for interest payments; a present budget for spending on current consumption, and a future budget for investments in things that will make us richer.

Today the federal government spends only 9% of the budget on investing in the future -- in education, child care, health care, environmental technology, infrastructure, and basic research. We'll double that in a Clinton Administration. We'll begin to finance the future budget by converting resources no longer needed for national defense to the investments needed to rebuild our economic security, and by controlling health care costs.

We can bring the deficit down over time, but only if we control spending on current consumption programs by tying overall increases to real revenue increases, not estimates. I propose to limit overall increases in the consumption budget to increases in personal income, so that the federal budget can't go up any faster than the average American's paycheck. Making Congress and the President live by this rule will cut the deficit drastically in five years, in a dramatic budget reform.

I believe that over the next four years, we can reduce defense spending, control health care costs, cut 3% a year out of the administrative cost of government, and limit current consumption expenditures to personal income increases, which will dramatically reduce consumption spending.

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Giving Government Back to the People

Excerpts from recent speeches by Governor Bill Clinton

For too many Americans, for too long, it's seemed that Congress and the White House have been more interested in looking out for themselves and for their friends, but not for the country and not for the people who make it great.

Congress raised its pay and guarded its perks while most Americans were working harder for less money. Two Republican Presidents elected on a promise of fiscal responsibility advanced budget policies that more than tripled the national debt. Congress went along with that, too. Taxes were lowered on the wealthiest people whose incomes rose, and raised on middle class people whose incomes fell.

The New Covenant must challenge Congress to act responsibly. And here again, Democrats must lead the way. Because they want to use government to help people, Democrats have to put Congress in order: Congress should live by the laws it applies to other workplaces. No more midnight pay raises. Congressional pay shouldn't go up while the pay of working Americans is going down. Let's clamp down on campaign spending and open the airwaves to encourage real political debate instead of paid political assassination. No more bounced checks. No more bad restaurant debts. No more fixed tickets. Serving in Congress is privilege enough.

Besides empowering citizens, we must lead a revolution in government so it becomes an engine of opportunity again, not an obstacle to it. Voters who went to the polls in this month's elections sent us a clear message: People want more for their money. The experts in Washington think that is a contradiction. But I think the experts are wrong and the people are right. People want a better deal from government, and they'll get it in a Clinton Administration.



Radically Changing Government

Excerpts from recent speeches by Governor Bill Clinton

Too many Washington insiders of both parties think the only way to provide more services is to spend more on programs already on the books in education, housing, and health care. But if we reinvent government to deliver new services, in different ways, eliminate unnecessary layers of management, and offer people more choices, we really can give taxpayers more services with fewer bureaucrats for the same or less money.

The Republicans have been in charge of the government for 12 years. They've brought the country to the brink of bankruptcy. Democrats who want the government to do more -- and I'm one of them -- have a heavy responsibility to show that we're going to spend the taxpayer's money wisely and with discipline.

Every successful major corporation in America had to restructure itself to compete in the last decade, to decentralize, become more entrepreneurial, give workers more authority to make decisions, and offer customers more choices and better products. Governments needs to do the same.

I want to make government more efficient and more effective by eliminating unnecessary layers of bureaucracy and cutting administrative costs, and by giving people more choices in the services they get, and empowering them to make those choices. That's what we've tried to do in Arkansas -- balancing our budget every year, improving services, and treating taxpayers like our customers and our bosses, giving them more choices in public schools, child care centers, and services for the elderly. Arkansas was the first state to initiate a statewide total quality management program. We've dramatically reduced the number of reports the Department of Education requires of school districts, slashed bureaucratic costs in the Department of Human Services and put the money into direct services that help real people, and speeded up customer services in the Revenue Department. We measure the job placement rate of graduates from vocational-technical programs, and if a program can't show results, we shut it down.

So I know it can be done. But let us be clear: Serious restructuring of government for greater productivity is very different from the traditional top-down reorganization plans that have been offered over the last 20 years, including in this campaign. Those require a lot of time and energy and generally leave us with more of the same government, not less.

bureaucratic costs in the Department of Human Services and put the money into direct services. What I am proposing is hard, unglamorous work. It will require us to re-examine every dollar of the taxpayers' money we spend and every minute of time that the government puts in on business. It will require us to enlist the energies of front-line public servants who are often as frustrated as the rest of us with bureaucracy. And if we do it in Arkansas, which has among the lowest taxes in the country, imagine how much more important and productive it will be at the federal level. In a Clinton Administration, we'll make government more effective by holding ourselves to the same standard of productivity growth as business and insisting on a 3% across-the-board cuts in the administrative costs of the federal bureaucracy every year.



Welfare Reform: Making Work Pay

Excerpts from recent speeches by Governor Bill Clinton

The New Covenant can break the cycle of welfare. Welfare should be a second chance, not a way of life. In a Clinton Administration, we're going to put an end to welfare as we know it. I want to erase the stigma of welfare for good by restoring a simple, dignified principle: no one who can work can stay on welfare forever.

The New Covenant must be pro-work. That means people who work shouldn't be poor. In a Clinton Administration, we'll do everything we can to break the cycle of dependency and help the poor climb out of poverty. First, we need to make work pay by expanding the Earned Income Tax Credit for the working poor, creating savings accounts that make it easier for poor people even on welfare to save, and supporting microenterprise grants for those who want to start a small business. At the same time, we need to assure all Americans that they'll have access to health care when they go to work.

We'll still help people who can't help themselves, and those who need education and training and child care. But if people can work, they'll have to do so. We'll give them all the help they need for up to two years. But after that, if they're able to work, they'll have to take a job in the private sector, or start earning their way through community service. That way, we'll restore the covenant that welfare was first meant to be: to give temporary help to people who've fallen on hard times.

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Bill Clinton on Families

Excerpts from recent speeches by Governor Bill Clinton

If the New Covenant is pro-work, it must also be pro-family. That means we must demand the toughest possible child support enforcement. We need an administration that will give state agencies that collect child support full law enforcement authority, and find new ways of catching deadbeats. In Arkansas, we passed a law this year that says if you owe more than a thousand dollars in child support, we're going to report you to every credit agency in the state. People shouldn't be able to borrow money before they take care of their children.

Families with children deserve additional tax relief. The value of the tax exemption for children has dropped dramatically since World War II, while the tax burden and the cost of raising a family went up. In 1948, a typical family of four paid just 0.3% of their income in federal income taxes. Today, a similar family pays 30 times as much.

We need to stop taxing away the money parents need to raise a family, and restore the value of the children's tax exemption. We should replace the current \$2,150 dependent's exemption with up to an \$800 per-child tax credit, which would be equivalent to exempting from tax as much as \$ 5,330 for a family in the 15 percent tax bracket. This change would mean additional tax savings this year of up to \$480 per child for an average-income family.

We can pay for it without raising the deficit, by enacting a combination of spending reforms, such as cutting the \$200 billion annual budget for the federal bureaucracy, and tax changes designed mainly to close tax loopholes for high-income people.

This change, along a 10% cut in middle class tax rates, would deliver real tax relief for those who work hard and play by the rules. Combining the impact of these two reforms, our plan would cut federal taxes for an average-income family with two children by as much as \$1300.



Bill Clinton on Poverty and Opportunity

Excerpts from recent speeches by Governor Bill Clinton

There's a special challenge in the New Covenant for the young men and women who live in America's most troubled urban neighborhoods, the children like those I met in Chicago and Los Angeles who live in fear of being forced to join a gang or getting shot going to and from school.

Many of these young people believe this country has ignored them for too long, and they're right. Many of them think America unfairly blames them for every wrong in our society -- for drugs, crime, poverty, the breakup of the family and the breakdown of the schools -- and they're right. They worry that because their face is of a different color, their only choice in life is jail or welfare or a dead-end job, that being a minority in an inner city is a guarantee of failure. But they're wrong -- and when I'm President, I'm going to do my best to prove they're wrong.

I know these young people can overcome anything they set their mind to. I believe America needs their strength, their intelligence, and their humanity. And because I believe in them and what they can contribute to our society, they must not be let off the hook. All society can offer them is a chance to develop their God-given abilities. They have to do the rest. Anybody who tells them otherwise is lying -- and they know it.

As President, I'll see that they get the same deal as everyone else: they've got to play by the rules, stay off drugs, stay in school and keep out of the streets. They've got to stop having children if they're not prepared to support them. Governments don't raise children. People do.

And for those young people who do get into trouble, we'll give them one chance to avoid prison, by setting up community boot camps for first-time non-violent offenders -- where they can learn discipline, get drug treatment if necessary, continue their education, and do useful work for their community. A second chance to be a first-rate citizen.

We need special efforts to empower the poor to work their way out of poverty. We'll make work pay by expanding the Earned Income Tax Credit for the working poor, and by supporting private and public partnerships to give low-income entrepreneurs the tools to start new businesses, through innovative institutions like Shore Bank in Chicago and its rural counterpart, the Southern Development Bancorporation in Arkansas. We've got to break the cycle of dependency and put an end to permanent dependence on welfare as a way of life, by really investing in the development of poor people and giving them the means, the incentives, and the requirement to go to work.



Taking Care of Our Problems at Home

Excerpts from recent speeches by Governor Bill Clinton

Given the problems we face at home, we do have to take care of our own people and their needs first. We need to remember the central lesson of the collapse of communism and the Soviet Union. We never defeated them on the field of battle. The Soviet Union collapsed from the inside out -- from economic, political, and spiritual failure.

Make no mistake: foreign and domestic policy are inseparable in today's world. If we're not strong at home, we can't lead the world we've done so much to make. And if we withdraw from the world, it will hurt us economically at home.

We can't allow this false choice between domestic policy and foreign policy to hurt our country and our economy. Our President has devoted his time and energy to foreign concerns and ignored dire problems here at home. As a result, we're drifting in the longest economic slump since World War II, and, in reaction to that, elements in both parties now want America to respond to the collapse of communism and a crippling recession at home by retreating from the world.

Now we must understand, as never have before, that our national security is largely economic. The success of our engagement in the world depends not on the headlines it brings to Washington politicians, but on the benefits it brings to hard-working middle-class Americans. Our "foreign" policies are not really foreign at all.

Our economic strength must become a central defining element of our national security policy. We must organize to compete and win in the global economy. We need a commitment from American business and labor to work together to make world-class products. We must be prepared to exchange some short-term benefits -- whether in the quarterly profit statement or in archaic work rules -- for long-term success.



Foreign Affairs and National Security

Excerpts from recent speeches by Governor Bill Clinton

We face two great foreign policy challenges today. First, we must define a new national security policy that builds on freedom's victory in the Cold War. The communist idea has lost its power, but the fate of the peoples who lived under it and the fate of the world will be in doubt until stable democracies rise from the debris of the Soviet empire.

And second, we must forge a new economic policy to serve ordinary Americans by launching a new era of global growth. We must tear down the wall in our thinking between domestic and foreign policy.

We need a coherent strategy that enables us to lead the world we have done so much to make, and that supports our urgent efforts to take care of our own here at home. We cannot do one without the other. The strategy of American engagement I propose is based on four key assumptions about the requirements of our security in this new era:

- First, the collapse of communism does not mean the end of danger. A new set of threats in an even less stable world will force us, even as we restructure our defenses, to keep our guard up.
- Second, America must regain its economic strength to maintain our position of global leadership. While military power will continue to be vital to our national security, its utility is declining relative to economic power. We cannot afford to go on spending too much on firepower and too little on brainpower.
- Third, the irresistible power of ideas rules in the Information Age. Television, cassette tapes, and the fax machine helped ideas to pierce the Berlin Wall and bring it down.
- Finally, our definition of security must include common threats to all people. On the environment and other global issues, our very survival depends upon the United States taking the lead.

Guided by these assumptions, we must pursue three clear objectives: First, we must restructure our military forces for a new era. Second, we must work with our allies to encourage the spread and consolidation of democracy abroad. And third, we must re-establish America's economic leadership at home and in the world.



A Strong Defense for America

Excerpts from recent speeches by Governor Bill Clinton

Today's defense debate centers too narrowly on the size of the military budget. But the real questions are, what threats do we face, what forces do we need to counter them, and how must we change?

We can and must substantially reduce our military forces and spending, because the Soviet threat is decreasing and our allies are able to and should shoulder more of the defense burden. But we still must set the level of our defense spending based on what we need to protect our interests. First let's provide for a strong defense. Then we can talk about defense savings.

At the outset of this discussion, I want to make one thing clear: the world is still rapidly changing. The world we look out on today is not the same world we will see tomorrow. We need to be ready to adjust our defense projections to meet threats that could be either heightened or reduced down the road.

Our defense needs were clearer during the Cold War, when it was widely accepted that we needed enough forces to deter a Soviet nuclear attack, to defend against a Soviet-led conventional offensive in Europe and to protect other American interests, especially in Northeast Asia and the Persian Gulf. The collapse of the Soviet Union shattered that consensus, leaving us without a clear benchmark for determining the size or mix of our armed forces.

However, a new consensus is emerging on the nature of post-Cold War security. It assumes that the gravest threats we are most likely to face in the years ahead include:

- First, the spread of deprivation and disorder in the former Soviet Union, which could lead to armed conflict among the republics or the rise of a fervently nationalistic and aggressive regime in Russia still in possession of long-range nuclear weapons.
- Second, the spread of weapons of mass destruction, nuclear, chemical and biological, as well as the means for delivering them.
- Third, enduring tensions in various regions, especially the Korean peninsula and the Middle East and the attendant risks of terrorist attacks on Americans traveling or working overseas.

- And finally, the growing intensity of ethnic rivalry and separatist violence within national borders, such as we have seen in Yugoslavia, India and elsewhere, that could spill beyond those borders.

The administration has called for a 21 percent cut in military spending through 1995, based on the assumption, now obsolete, that the Soviet Union would remain intact. With the dwindling Soviet threat, we can cut defense spending by over a third by 1997.

Based on calculations by the Congressional Budget Office, my plan would bring cumulative savings of about \$100 billion beyond the current Bush plan. If favorable political and military trends continue, and we make progress on arms control, we may be able to scale down defense spending still more by the end of the decade. However, we should not commit ourselves now to specific deeper cuts ten years from now. The world is changing quickly, and we must retain our ability to react to potential threats.

The defense policy I have outlined keeps America strong and still yields substantial savings. The American people have earned this peace dividend through forty years of unrelenting vigilance and sacrifice and an investment of trillions of dollars. And they are entitled to have the dividend reinvested in their future.



Nuclear Weapons, Arms Control, and Non-Proliferation

Excerpts from recent speeches by Governor Bill Clinton

I believe we can dramatically reduce our nuclear arsenals through negotiations and other reciprocal actions. But as an irreducible minimum, we must retain a survivable nuclear force to deter any conceivable threat.

First, now that the nuclear arms race finally has reversed course, it's time for a prudent slowdown in strategic modernization. We should stop production of the B-2 bomber. That alone could save \$20 billion by 1997.

Since Ronald Reagan unveiled his "Star Wars" proposal in 1983, America has spent \$26 billion in futile pursuit of a fool-proof defense against nuclear attack. Democrats in Congress have recommended a much more realistic and attainable goal: defending against very limited or accidental launches of ballistic missiles. This allows us to proceed with R&D on missile defense within the framework of the ABM treaty -- a prudent step as more and more countries acquire missile technology.

At the same time, we must do more to stop the threat of weapons of mass destruction from spreading. We need to clamp down on countries and companies that sell these technologies, punish violators, and work urgently with all countries for tough, enforceable, international non-proliferation agreements.



Making the Most of Our Defense Workers

Excerpts from recent speeches by Governor Bill Clinton

We must not forget about the real people whose lives will be turned upside down when defense is cut deeply. The government should look out for its defense workers and the communities they live in. We should insist on advanced notification and help communities plan for a transition from a defense to a domestic economy. 31% of our graduate engineers work for the defense industry. They and other highly skilled workers and technicians are a vital national resource at a time when our technological edge in a world economy must be sharper than ever before. I have called for a new advanced research agency -- a civilian DARPA -- that could help capture for commercial work the brilliance of scientists and engineers who have accomplished wonders on the battlefield.

Likewise, those who have served the nation in uniform cannot be dumped on the job market. We've got to enlist them to help meet our many needs at home. By shifting people from active duty to the National Guard and reserves, offering early retirement options, limiting re-enlistment and slowing the pace of recruitment, we can build down our forces in a gradual way that doesn't abandon people of proven commitment and competence.

Our people in uniform are among the most highly skilled in the areas we need most. We need to transfer those human resources into our workforce and even into our schools, perhaps in part by using reserve centers and closed bases for community-based education and training programs.

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Bill Clinton on the Economy

"A New Covenant on Economic Change"

America needs a President who will provide the leadership to challenge our nation to compete and win in the emerging global economy.

Bill Clinton has proposed a National Economic Strategy to get our country moving again, promote economic growth, create economic opportunity for ordinary hard-working Americans, radically change government to make it more efficient, and encourage investment in America's future.

It's time to move beyond the Republicans' failed experiment in supply-side economics on the one hand and tax and spend on the other. Bill Clinton offers a New Covenant for economic change, a forward-looking economics that empowers people, rewards work and innovation, and organizes America to compete and win again.

Putting the Recession Behind Us

Bill Clinton has offered a detailed short-term plan to get the economy moving forward and put people back to work:

1. a middle-class tax cut to boost consumer confidence and consumer spending;
2. an accelerated highway and transportation construction plan that would create 40,000-45,000 additional construction jobs and hundreds of thousands of related jobs in the first six months;
3. an increase in the ceiling on FHA mortgage guarantees so that half a million families could pump up the economy by buying their first home;
4. cuts in rates for credit card customers with good credit records;
5. an economic lifeline for health care and housing, enabling families to keep up with their health care premiums and mortgage or rent payments when facing unexpected unemployment.

Bill Clinton would also call upon federal regulators to send a clear signal to the financial community not to call in performing loans, and to extend loans to local businesses in sound financial shape.

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The Middle East

Excerpts from recent speeches by Governor Bill Clinton

In the Middle East, the administration deserves credit for bringing Israel and its Arab antagonists to the negotiating table. Yet I believe the President is wrong to use public pressure tactics against Israel. In the process, he has raised Arab expectations that he'll deliver Israeli concessions and fed Israeli fears that its interests will be sacrificed to an American-imposed solution.

We must remember that even if the Arab-Israeli dispute were resolved tomorrow, there would still be ample causes of conflict in the Middle East: ancient tribal, ethnic and religious hatreds; control of oil and water; the bitterness of the have-nots toward those who have; the lack of democratic institutions to hold leaders accountable to their people and restrain their actions abroad; and the territorial ambitions of Iraq and Syria. We have paid a terrible price for the administration's earlier policies of deference to Saddam Hussein. Today, we must deal with Hafez Assad in Syria but we must not overlook his tyrannical rule and domination of Lebanon.

We need a broader policy toward the Middle East that seeks to limit the flow of arms into the region, as well as the materials needed to develop and deliver weapons of mass destruction; promotes democracy and human rights; and preserves our strategic relationship with the one democracy in the region: Israel.

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A National Economic Strategy

For the long term, Bill Clinton has put forth a national strategy to create a high-wage, high-growth, high-opportunity economy.

Investing in the American People: Bill Clinton thinks that if we're going to turn this country around, we've got to empower every American with the education, job training, and economic opportunity they need to get ahead.

Education: Bill Clinton is one of the leading voices in America for radical reform of American education. A Clinton Administration will create a trust fund out of which any American can borrow money for a college education, so long as they pay it back either as a small percentage of their income over time or with a couple of years of national service as police officers, teachers, or child care workers. Governor Clinton supports making Head Start available for every child who needs help, and the creation of a national examination system to make sure our children can meet world-class standards in subjects like math and science.

Job Training: A Clinton Administration will create a national apprenticeship program like the one he started in Arkansas, to enable high school students who aren't bound for college to enter a course of study designed by their high school and local businesses to teach them valuable skills, with a promise of a real job when they graduate. Governor Clinton believes that we need to become a nation of lifetime learners, and has proposed a national literacy program to teach every adult to read and write, and an innovative job training program that would require every employer to offer his or her employees valuable job training opportunities or to contribute dollars to a national training fund.

Making Work Pay: Bill Clinton believes we need to empower the poor to work their way out of poverty. As president, Clinton would make work pay by expanding the Earned Income Tax Credit for the working poor, and by supporting public and private partnerships to give low-income entrepreneurs the tools to start new businesses, through innovative institutions like Shore Bank in Chicago and its rural counterpart, the Southern Development Bancorporation in Arkansas.

Tax Fairness: Finally, empowering America's workers means letting them keep more of what they earn by cutting the average family's tax bill by 10%, approximately \$350 per year. Bill Clinton believes the people who earn more ought to pay more, not because he wants to soak the rich, but because he believes overburdened middle class families shouldn't have to live like they're poor.

Radically Changing Government: Bill Clinton thinks we need to reinvent government so that it can become an engine of opportunity, and not an obstacle to it. In Arkansas, Clinton has balanced his state budget year after year, improved services, and made sure government treats constituents like the customers and bosses they are. Clinton believes government can deliver better services with greater options for the same or less money if we restructure government the way successful American corporations streamlined themselves in the 1980s to remain competitive.

A Clinton Administration will reduce bureaucratic overhead through annual 3% cuts in federal administrative costs. Bill Clinton believes we need to increase the amount of the federal budget which is spent on investment in the future, and less on current consumption programs. To reduce the deficit, he has proposed an innovative budget plan which would tie the growth of consumption programs to the increase in personal income, so that the budget cannot grow faster than the average American's paycheck.

A National Health Care Plan: Americans currently spend 30% more on health care than any other developed country. Bill Clinton believes we cannot win in the global marketplace without a national health care plan. A Clinton Administration will introduce legislation in its first year in office to provide affordable, quality health care for all Americans for the same money we spend now, by slashing costs through insurance reform, holding down drug prices, stopping the spread of redundant technology, and reducing health care bureaucracy.

A Revolution in the Workplace: To get our nation moving forward again workers and management must work together to create a new, high performance workplace. Governor Clinton has called upon management to allow workers to assume new responsibility for decision making in exchange for abandoning out-moded job descriptions and work rules. Clinton believes we need to tie job pay to performance for workers and management, and increase incentives for employee ownership.

No Deductability for Irresponsibility: In the 1980's, corporate executives raised their pay by four times the percentage their workers' pay went up and three times the percentage their profits went up. The average American CEO is paid 85 times as much as the average American worker. Clinton wants to abolish the tax break for excessive executive pay, and end the special tax treatment of corporations that sell out their employees by transferring plants and jobs overseas.

A New Strategy to Compete and Win

To compete in the global economy, Bill Clinton believes its time to organize the American economy to win against our friends in Europe and Asia.

Incentives for Productivity: Clinton has proposed a number of incentives to boost productivity including permanent extension of the R&D tax credit and tax incentives for the development of new technologies. As an alternative to George Bush's capital gains tax, which merely rewards the hollow paper profits of Wall Street, Governor Clinton supports an enterprise tax credit which rewards those with the patience, the courage, and the determination to create new jobs by starting new businesses. Under this plan, people who invest in newly created businesses would receive a 50% tax exclusion for profits on investments held for more than five years.

Expanding Trade for a Strong America: Bill Clinton believes protectionism is just a fancy word for giving up; Americans want to compete and win. Clinton supported fast track negotiations with Mexico for a free trade agreement, but insists upon the need for tough conditions which prevent our trading partners from exploiting their workers or damaging the environment. A Clinton Administration will tell Japan that if they don't open their markets and play by our rules, we'll play by theirs. To reduce the trade deficit, Clinton has called for an energy policy which reduces exports through greater reliance on clean, efficient natural gas, and through research and development of renewable energy sources.

Getting Products to Market: Bill Clinton believes that if we are going to restore American competitiveness, we need to be in the forefront not just in inventing products, but in bringing those products to the market. A Clinton Administration will create a civilian agency to provide basic research for new and critical technologies, and to provide assistance to U.S. corporations that want to bring these technologies to consumers. In addition, Clinton has pledged that for every dollar our defense research budget is reduced, he will increase the civilian R&D budget by the same amount. Governor Clinton also supports a transitional plan to convert the U.S. from a defense to a domestic economy in a way that creates more high-wage, high-skill jobs and doesn't destroy our most successful industrial base.



Expanding U.S. Technology

Excerpts from recent speeches by Governor Bill Clinton

If we want to help U.S. companies keep pace in the world economy, we need to restore America to the forefront not just in inventing products, but in bringing them to market. Too often, we have won the battle of the patents but lost the war of creating jobs, profits, and wealth. American scientists invented the microwave, the VCR, the color TV, and the memory chip, and yet today the Koreans, the Japanese, and other nations make most of those products.

The research and development arm of the Defense Department did a great job of developing products and taking them to production because we didn't want them produced overseas. We should launch the civilian equivalent -- an agency to provide basic research for new and critical technologies and make it easier to move these ideas into the marketplace. And we can pledge right now that for every dollar we reduce the defense budget on research and development, we'll increase the civilian R&D budget by the same amount. We should commit ourselves to a transitional plan for converting from a defense to a domestic economy in a way that creates more high-wage jobs, and doesn't destroy our most successful high-wage jobs, and with it the careers of many thousands of our best scientists, engineers, and workers.

The private sector must maintain the initiative, but government has an indispensable role. A recent Department of Commerce report is a wake-up call that we are falling behind our major competitors in Europe and Japan on emerging technologies that will define the high-paying jobs of the future -- like advanced materials, biotechnology, superconductors, and computer-integrated manufacturing.

I have mentioned a civilian advanced research projects agency to work closely with the private sector, so that its priorities are not set by government alone. We have hundreds of national laboratories with extraordinary talent that have put the United States at the forefront of military technology. We need to reorient their mission, working with private companies and universities, to advance technologies that will make our lives better and create tomorrow's jobs.

Not enough of our companies engage in export -- just 15 percent of our companies account for 85 percent of our exports. We have to meet our competitors' efforts to help smaller and medium-sized businesses identify and gain foreign markets. Our relationship is based on ties of democracy, but as we cooperate, we also compete. And the maturity of our relationship allows American Presidents, as I will, to insist on fair play. As we put our own economic house in order, Japan must open the doors of its economic house, or our partnership will be imperiled with consequences for all the world.

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Investing in Jobs and Economic Growth

Excerpts from recent speeches by Governor Bill Clinton

I believe in business. I believe in the marketplace. I believe that the best jobs program this country will ever have is economic growth. Most new jobs in this country are created by small businesses and entrepreneurs who get little help from the government.

Too often, especially in this environment, banks and other investors won't take a chance on good ideas and good people. I want to encourage small business people and entrepreneurs. In a Clinton Administration, we'll offer a tax incentive to those who take risks by starting new businesses and developing new technologies. Instead of offering a capital gains tax cut for the wealthy who will churn stocks on Wall Street anyway, we'll put forth a new enterprise tax cut that rewards those with the patience, the courage, and the determination to create new jobs. Those who risk their savings on new businesses that create most of the jobs in the country will receive a 50% tax exclusion for gains held more than five years.

And I want to encourage investment here in America in other ways -- by making the R&D tax credit permanent, by taking away incentives for companies to shutdown their plants in the U. S. and move their jobs overseas, and by offering a targeted investment tax credit to medium and small-sized businesses who'll create new jobs with new plant and equipment.

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Tax Cuts for Families And the Forgotten Middle Class

Excerpts from recent speeches by Governor Bill Clinton

Empowering working Americans means letting them keep more of what they earn. Ronald Reagan and George Bush raised taxes on the middle class. I'm going to cut them. In a Clinton Administration, we'll cut income tax rates on the middle class: an average family's tax bill will go down 10 percent, a savings of \$350 a year. And the deficit won't go up -- instead, those earning over \$200,000 a year will pay more, though still a smaller percentage of their incomes than they paid in the '70s, not to soak the rich but to return to basic fairness.

Families with children deserve additional tax relief. The value of the tax exemption for children has dropped dramatically since World War II, while the tax burden and the cost of raising a family went up. In 1948, a typical family of four paid just 0.3% of their income in federal income taxes. Today, a similar family pays 30 times as much.

We need to stop taxing away the money parents need to raise a family, and restore the value of the children's tax exemption. We should replace the current \$2,150 dependent's exemption with up to an \$800 per-child tax credit, which would be equivalent to exempting from tax as much as \$ 5,330 for a family in the 15 percent tax bracket. This change would mean additional tax savings this year of up to \$480 per child for an average-income family.

We can pay for it without raising the deficit, by enacting a combination of spending reforms, such as cutting the \$200 billion annual budget for the federal bureaucracy, and tax changes designed mainly to close tax loopholes for high-income people.

This change, along with middle-class tax reform, would deliver real tax relief for those who work hard and play by the rules. Combining the impact of these two reforms, our plan would cut federal taxes for an average-income family with two children by as much as \$1300.

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Protecting Our Wetlands

Excerpts from recent speeches by Governor Bill Clinton

Our country's wetlands are havens of natural beauty and wildlife that must be preserved for future generations. I am firmly in support of "no net loss" of our nation's wetlands and believe these critical wetlands must be protected. I strongly condemn George Bush's efforts to re-write the definition of wetlands to get around his campaign pledge to allow "no net loss." The nation's most critical ecosystems, wetlands must be protected because of their importance for flood storage, surface and groundwater replenishment, pollution filtration, and wildlife habitat. New measures are need to restore and protect them. I support the expansion of Section 404 authority to regulate activities that impact wetlands.

The wetlands policy of a Clinton Administration will be based on science, not politics. The recent attempt by the Competitiveness Council to rewrite wetlands regulations demonstrates the danger of allowing political considerations to govern the determination of wetlands policy. As President, I will work with the National Academy of Sciences and other members of the scientific community to devise an appropriate wetlands protection policy. Regulations, however, should be less stringent on lands that have lost many of their values as wetlands, especially farmlands that have already been cleared.

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